

Moving Mountains



The Culture Change Challenge

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Foreword from Credit Suisse and Morgan Stanley

As employers within the investment banking industry, we recognise the growing importance of work-life balance initiatives in the UK and around the world. In an increasingly competitive landscape, we believe that these initiatives clearly differentiate us in our ability to attract and retain a talented group of employees.

Research such as the “Moving Mountains” study undertaken by Working Families plays a vital role in supporting institutions as they develop and implement these important programmes.

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Moving Mountains

The Culture Change Challenge

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The Culture Change Challenge

Introduction

In the spring of 2001 PARENTS AT WORK (now Working Families) researched barriers and solutions to better work-life balance in the City of London for a report entitled *Quality of Life in the City*.

In that report a four stage model of culture change was considered. This model had been proposed by the Families and Work Institute in New York. The four stages are shown below:

Stage 1 : Work and Family Initiatives

Stage 2 : Flexible Working Policies (policy and compliance)

Stage 3 : Culture Change (hearts and minds)

Stage 4 : Work Redesign

We concluded that City organisations were on the brink of moving from **Stage 2**, 'Flexible Working Policies' where work-life balance issues have been translated into compliance with Human Resources (HR) policies. We urged them to take the journey to **Stage 3**, 'Culture Change' – where organisations understand that winning hearts and minds leads to a supportive workplace culture. This is essential to support innovative work-life policies; and a shift in focus occurs to address the concerns of the entire workforce. The aim becomes one of enhancing creativity, commitment and individual contribution. In the City, which relies heavily on knowledge workers, this is likely to bring significant competitive advantage.

Quality of Life in the City identified three key challenges for City employers:

- **Establishing an inclusive culture which fully supports those employees taking up innovative work-life policies**
- **A need to exploit technology more effectively as a facilitator of flexible working**
- **Reversing the escalating outflow of talent from City organisations, thereby reducing the risks of facing severe skills shortages**

A key conclusion was that too few employers were tackling the macho, long hours working culture, and that changes were needed in:

- **Top management commitment**
- **Individual employee behaviour and company culture**
- **Work patterns**

Five years on, the compelling business case evidence for addressing work-life balance continues to expand and evolve. However, Working Families' work with City employers told us that this was also true of the pace and extent of workplace change. Faced with competing demands on scarce resources, what is the most effective way for organisations to make the journey from **Stage 2** to **Stage 3**?

The aim was to identify the 'road map'. Working Families talked with ten City organisations that had started the journey; and the results are summarised in the following pages.

Summary

Key findings

This report summarises the findings arising from a series of semi-structured interviews conducted with leading-edge work-life balance employers in the City of London in May 2006. It builds on research we carried out in 2001 and reported as *Quality of Life in the City*. The purpose of our current research was to identify a hypothetical 'road map' of the journey from being an organisation focussing on Human Resources policies and legislative compliance when considering work-life balance (a **Stage 2** organisation), to becoming a **Stage 3** organisation where hearts and minds have been won and the **culture** truly supports work-life balance for everyone.

Key findings

- There are five essential steps on the journey from **Stage 2** to **Stage 3**. Of these the first two – developing a powerful business case, and identifying a committed board level champion – seem to be inextricably linked. It is difficult to be precise about which is the first step.
- Step three – changing organisational conversations – is likely to take the longest time. Our interviewees started this three or more years ago and are still engaged in the process. As organisational conversations change, the business case is likely to be modified, while the support of the board level champion remains essential.
- None of our interviewees have completed Steps Four – monitor the process across the entire employee population – and Five – make sure that work-life balance has been fully integrated into operational HR activities. Organisations are struggling to achieve 100% monitoring without appearing bureaucratic. We suggest they harness systems to achieve this. A small minority of interviewees have begun to fully integrate work-life balance thinking into operational HR activities.

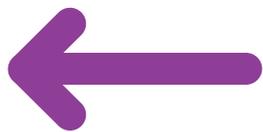
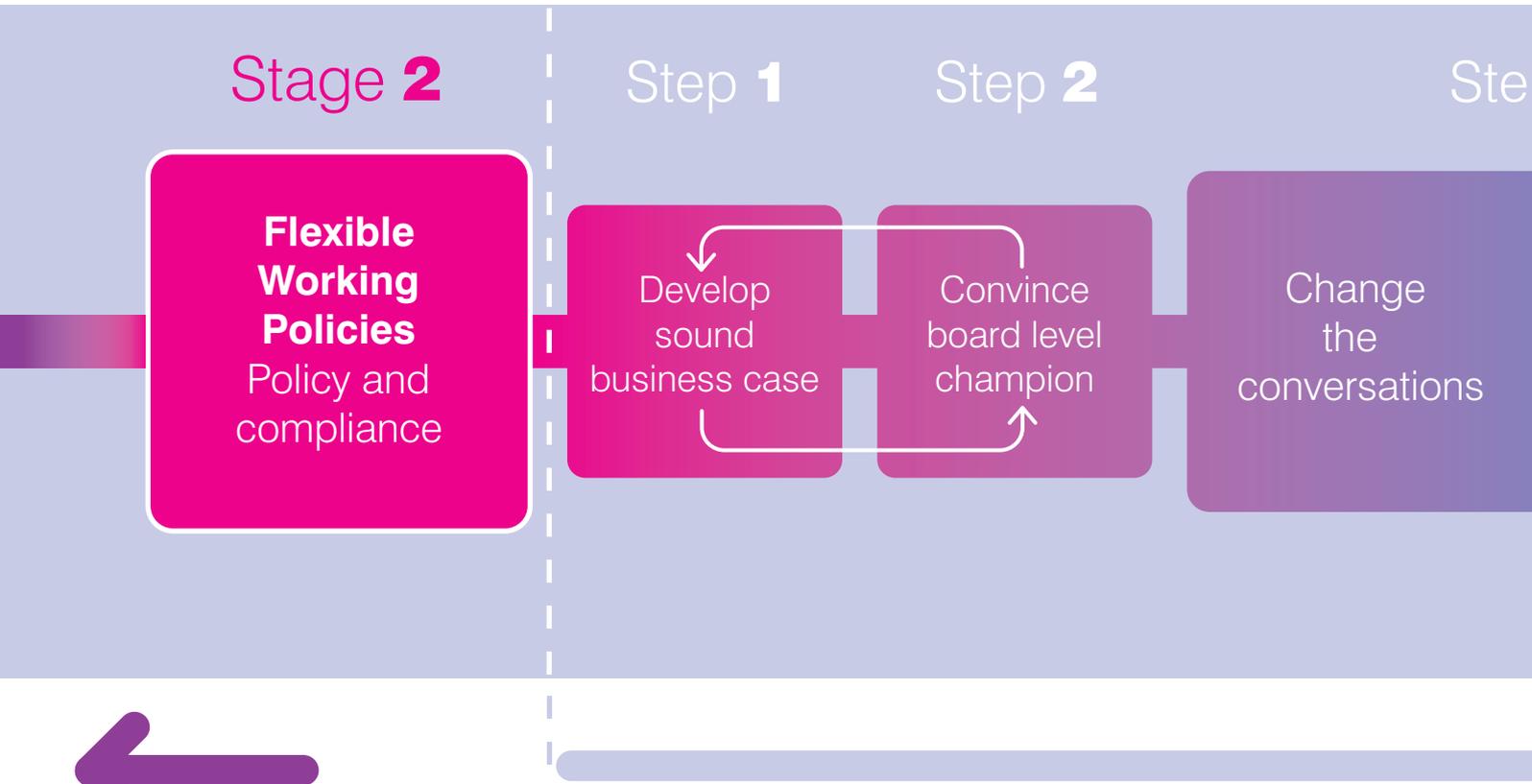
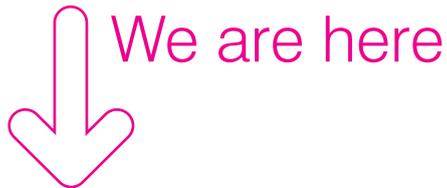
Changing organisational cultures

Organisational change is a constant for 21st Century businesses; and academic literature is rich in models of how to achieve it. In the context of work-life balance and diversity, we suggest change will come about only when the organisation's cultural 'heroes' (role models) change. In tandem, the language of work-life balance needs to be re-defined. **Flexible arrangements need to be seen as positive and productive ways of working for everyone**, rather than a request for concessions by specific groups.

We believe the road map presented on pages 6 and 7 will provide a practical benchmark for other City organisations. Employers in other market sectors may also feel it has resonance for them, particularly where they face similar issues such as the need to balance life with the demands of high pressure, global working practices across multiple time zones. We hope it will provide a model of best practice for any employer looking to improve talent management strategies in the face of conflicting economic and social pressures.

So that readers can understand our findings in the broader theoretical context we have provided a brief summary of the key organisational change concepts relevant to our argument on pages 13 to 15.

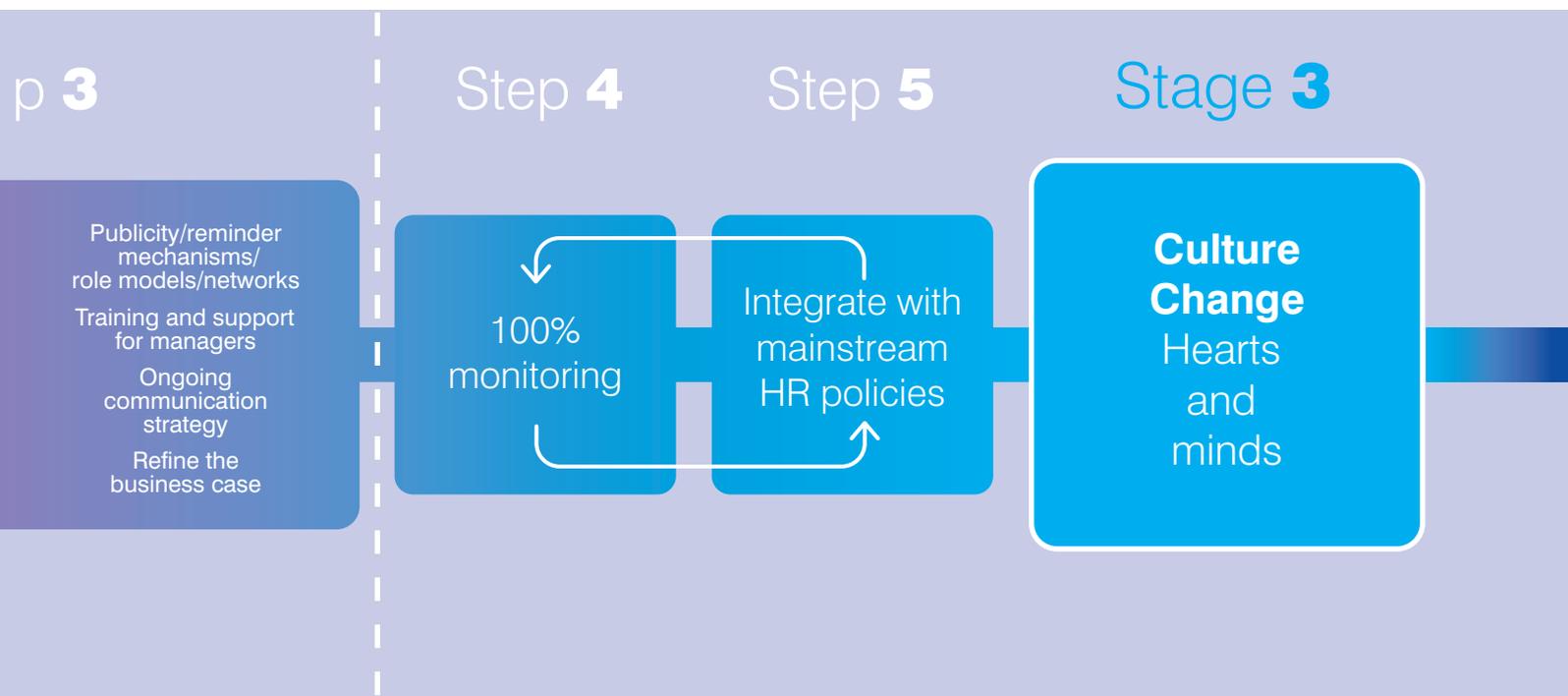
The Road Map



Stage 1
Work and Family
Initiatives
is behind us

Estimated timescale: 2-3 years

We need to reach here ↓



Stage 4
Work Redesign
is ahead

Findings

The journey so far

Based on the interviews, a proposed 'road map' has been drawn up, as shown on the previous page. None of our interviewees had fully completed the journey. In this section, the steps they have taken, and what they actually mean in practice are described. The next section (Completing the journey) suggests the final actions organisations need to take to reach the goal of **Stage 3**: winning hearts and minds.

Step One: identify the business case

- **A clearly defined business case is an essential prerequisite**
- **It may need to be tailored to persuade differing audiences**
- **It will change and develop as the journey progresses**

A clearly defined business case was seen as essential to introducing and maintaining work-life balance initiatives.

"It's important as it challenges some people's assumptions."

Equally essential is cultivating the support of senior management, and the highly intelligent and competitive people the City attracts. They need to be persuaded that a work-life balance approach will add to the possibility of success.

To act without a fully developed business case risks being seen as 'political correctness', of making concessions for some groups, and creating a second class tier in the workforce. A compelling business case is also the way to move the issue from being seen as simply an HR initiative to becoming a business solution. This in turn impacts on engaging the hearts and minds of line managers – who will be responsible for implementing work-life balance initiatives.

Interviewees were able to provide clear business reasons which drive their actions.

1. The recognition that employee **lifestyles and expectations have changed** was invariably mentioned. To attract and retain much needed talent, it is increasingly important to offer opportunities for work-life balance. The

legal profession in particular acknowledged that while over 50% of entrants are female, attrition rates are unacceptably high.

2. Diversity management is a second key driver for employers in what is one of the most multi-cultural cities in the world. And work-life balance is seen as underpinning and driving this diversity agenda. As one respondent told us:

"Work-life balance touches absolutely everyone."

It is impossible to value diversity in the workplace without acknowledging that diverse employees have diverse needs.

3. Facilitating work-life balance was also seen as a way of expressing **organisational values**. For example:

"One of the firm's values is to be a humane place to work hard."

The speaker viewed access to work-life balance initiatives as a way of enabling staff to achieve this. Another respondent said that acceptance of work-life balance was incorporated into organisational values of respect for the individual and working together.

4. Recognising the employer's responsibility for **health and wellbeing** was a final driver. Enabling work-life balance is seen as a way to avoid burnout; accommodate working practices which span different time zones and ensure employees are happy – and therefore more productive.

Adapting the business case to persuade different audiences is important. Several interviewees described how different operating units had taken ownership of the business case to such an extent that they were now pioneering their own initiatives – outside the control of the HR and Diversity departments. Activities being undertaken included developing the use of annual contracts tied to the business cycle, factoring work-life balance into a major office relocation and reviewing the way senior managers work.

The business case is likely to evolve and change as the journey towards culture change continues. For example,

one of our interviewees told us their organisation had been so successful in incorporating work-life balance into their operation that it was now seen as a ‘hygiene factor’ rather than a distinguishing benefit. The same organisation is currently struggling with identifying a business case for home working and is therefore finding it difficult to take the development forward. It was acknowledged, however, that the situation is likely to change as other factors come into play – for example, increasing pressures on office space, which would provide the business case.

Changing requirements from clients and customers are also impacting on what is meant by the business case. A number of interviewees told us that clients were increasingly asking about supplier diversity and work-life balance practices. Furthermore:

“Client perception is important – we need to appear progressive in a competitive market.”

Our earlier City research found concerns about how clients would react to flexible working arrangements were a deterrent to introducing them. As the 21st Century progresses, this is becoming less of an issue. One respondent told us a key client had reassured her organisation they were more interested in the quality of the work than in the working arrangements used to deliver it. Another said:

“A lot of partners work flexibly. Clients know and are happy about it. They’re seeing it reflected in their own organisations.”

Recent research providing further evidence for the business case for work-life balance is listed on page 16.

Step Two: find a board level champion

- **The key factor underpinning the process is a Board level champion who is passionately committed and positive**
- **Board level champions continue to stress the business case**

A board level champion passionate about the issues and prepared to be a driving force over the longer term is a prerequisite according to our interviewees. In some

organisations the baton had been passed from one champion to another along the journey, but what is important is that a senior champion consistently “walks the talk”. It was not always easy to understand which came first – the board level champion or the persuasive argument from the Diversity team. When asked whose agenda drives the business case, respondents were equally split:

“It’s driven by the CEO who believes if you can create space for people to achieve life balance that will give you the most significant competitive edge.”

And:

“It was initially driven by the Diversity function who persuaded the Board to recognise the issue and endorse it.”

Regardless of where the process starts, a top level champion who is prepared to make the long journey (and it can take two to three years or more) consistently pressing and supporting the business case, is essential. Seven out of ten interviewees gave this as the first key action an organisation must take if it is to succeed.

Two interviewees identified impending changes in top management as the biggest current risk they may not complete the journey.

Step Three: change organisational conversations

- **A clear communication strategy which keeps work-life balance messages in the forefront of employees’ minds is essential**
- **This must be supported with access to information and training**
- **Expect the conversations to continue for several years**

Keeping work-life balance at the forefront of employees’ minds is essential and a great deal of effort is going into flooding organisations with relevant information.

“When we started, we spent time developing the brand so it’s instantly recognisable, and put it all into a booklet.”

Most interviewees had ongoing communication strategies that harnessed internal mechanisms, such as newsletters carrying articles about role models, dedicated intranet pages providing guidance for staff and managers and booklets issued to all employees.

Some also run specific events such as diversity weeks which incorporate work-life balance days, learning lunches or focussed meetings of internal networks.

Where flexible benefits are offered, the annual review can also be used as an opportunity for staff to reflect on their work-life balance arrangements:

“The reselection of flexible benefits annually is seen as an opportunity to review this. We have 80% satisfaction with our benefits package.”

Having a regular and energetic communications strategy does not necessarily guarantee it will reach everyone who needs to know. One interviewee described a situation where a valuable member of staff wanted to move to a more flexible arrangement following life changes, and had got as far as a job offer elsewhere before she discovered she could have the same level of flexibility with her current employer.

The lesson here is to recognise that people will want information at different times. Keeping the topic in the forefront of their minds means they are more likely to know where to look when they do need it.

Managers need training and support to convince them flexible working is possible and to help them make it succeed. Various approaches to doing this are adopted – incorporation in general management training, offering specific modules on flexibility and one to one coaching from HR, combined with extensive written guidance via the intranet, are all arrangements volunteered by interviewees.

Visible role models across the organisation are seen as a powerful adjunct to the board level champion. Some organisations have appointed senior sponsors across operating divisions, others simply share information about role models, endeavouring to publicise their experience widely.

Finally, in terms of sending powerful messages across the organisation, all ten interviewees confirmed that employees working non-standard arrangements had

been promoted to more senior positions. In four cases this was as far as board/partner level. As one interviewee said:

“It’s less likely to be seen as negative now. Around one partner per year is admitted on a flexible contract.”

...and be prepared to keep talking

In a global work environment where responses are expected instantly, it is important to maintain a consistent message over the longer term. For most of the interviewees, current initiatives had started as far back as 2000, or even earlier. Change takes time. The message needs to be repeated frequently and regularly.

In many cases work-life balance initiatives had started off as separate issues, but as thinking progressed they had been more fully integrated into the broader diversity agenda. On the whole, respondents felt integration into other initiatives was more effective:

“It’s better to integrate it. Then the thinking ‘let’s build work-life balance in’ becomes part of the culture.”

As the notion of work-life balance became more integrated into the culture, operating divisions took more control of the process. Even so, changing the way the organisation thinks remains a challenge:

“(You need to) educate people – too many equate flexible working with less working. Managers need to learn they can get as much out of people by trusting them to work differently.”

Part of the continuing journey is the need to monitor what is happening and to make adjustments. All our interviewees identified this as one of the biggest challenges. Sophisticated measuring tools are able to analyse formal working arrangements (i.e. where a flexible working contract has been issued). Much harder to assess is the nature and extent of informal arrangements, and the number of people who do not ask because they either believe they will not get or they think their career prospects will be compromised.

A fuller discussion about monitoring, and about integrating diversity into mainstream HR issues can be found in the next section, which considers the final steps needed to complete the journey.

Recommendations

The final steps

"I believe we're over 50% of the way to Stage 3, although it varies by division. The last 20-30% is going to be the hardest."

Only one of our ten interviewees felt their organisation had almost reached **Stage 3**, where everybody's hearts and minds have been won and culture change has been successful. As described in the previous section, there was evidence of work-life balance thinking being integrated into business activities in several of the organisations. However, getting the clear picture of what is happening everywhere in the organisation, and making the necessary adjustments to reach the final point on the journey still remains a stumbling block.

To complete their journey, organisations need to take two final steps, which are discussed below.

Step Four: improve the monitoring

● Adapt existing e-processes to collect 100% information

All ten organisations have a range of sophisticated monitoring processes in place. These include global employee surveys, the use of focus groups, regular management information on contractual working patterns, information from exit interviews and reviews of formal requests for flexible working. From the interviews the following emerged (from individual organisations):

- **98% of formal flexible working requests are agreed**
- **Formal contractual changes only happen 10-20% of the time**
- **8% of staff have formal flexible working arrangements**
- **20% of staff work from home at some point and for any reason each month**
- **7-8 % work part-time**

Given the efforts already made to collect information, it may seem harsh to suggest more needs to be done. However, virtually all interviewees said their biggest challenge was reaching those people who, for whatever reason, are still uncomfortable about asking.

"Some people think going flexible is seen as a lack of commitment."

Why is total monitoring important? Firstly, as explained further on page 13, change is not a uniform process. Theorists suggest that in any population a bell shaped curve exists indicating readiness to embrace change. At the forefront a small group – around 16% of the population – will embrace the change wholeheartedly, being able to see the benefits and becoming key protagonists for the new way of working. Following them is a larger group of 'pragmatists', who will buy in to the change if they can see the business benefits. For example, they may see that retention of key employees may be secured through the offer of flexible working. An equally large group of 'sceptics' will adopt a 'wait and see' attitude. Both groups each make around 34% of the population. Since the business argument may need to be tailored differently to meet the needs of these two latter groups, it is important to get a clear picture of what is actually going on.

Secondly, one interviewee suggested that, according to academics, the 'tipping point' at which an organisation will fully embrace flexible working arrangements is around 25%. i.e. where a quarter of employees are working flexibly. To reach this target, and assuming the 16% embracing change discussed in the previous paragraph are all working flexibly, the 'pragmatists' need to be persuaded to change their ways. Without total monitoring it is difficult to understand whether and where this is happening. Any organisation achieving all of the last three measures listed above, would in theory have reached the 'tipping point' and should feel satisfied with their performance.

Monitoring is a difficult issue – interviewees have struggled to introduce a system which will give them all the information they would like, while not becoming cumbersome and bureaucratic. Furthermore,

"It doesn't always register with people that their informal arrangement is flexibility."

There are many employees who do not realise the arrangement they are working is seen as part of the organisation's work-life balance initiative. Helping employees understand the extent of the support provided by their employer can only be a good thing.

All interviewees have extended the right to request flexible working to their entire workforce. However, it is only parents of children under the age of six (or 18 for disabled children) who currently have a legal 'Right to Request'; and in these circumstances a formal procedure is followed. Employees understand the need for this, which makes monitoring easy. In 2007 the right to request flexible working is being extended to a larger group of carers, which may prompt more employees to make formal requests which can be monitored.

Given that most City organisations are heavily reliant on technology, and most employees have access to intranets, it should be relatively easy to harness these to establish more accurate monitoring systems. Where employers do this they may, rather like two interviewees, find themselves pleasantly surprised at the extent of informal flexible arrangements already going on.

Together with more detailed monitoring, organisations should be encouraged to set targets for flexible working arrangements – with a view to reaching the 25% 'tipping point'.

Step Five: integrate diversity/ work-life balance activities into mainstream HR policies

● Ensure all HR policies support the process

The majority of organisations in this research treat diversity and work-life balance as specialist activities complementary to, but outside the mainstream of HR. Given that a recent Chartered Institute of Personnel and Development (CIPD) research report revealed only 30% of organisations have a specific budget for diversity, the interviewees who took part in this research are among the leaders in the field. In the early days, when a business is coming to grips with issues of diversity and inclusion, identifying a person with specific responsibilities and a specific budget makes sense. In the longer run, however, diversity and work-life balance should not only become part of mainstream HR activities, but also be the very platforms which underpin them.

One or two interviewees had already arrived at this conclusion. For example, according to one interviewee, with specific responsibilities for diversity:

"...ultimately I should be out of a job as it's totally integrated. You'll never get there if it's stand-alone."

Another said her business was starting to take steps to integrate diversity and work-life balance into the talent management pipeline.

As part of the interview, interviewees were presented with a schedule of mainstream HR policies and asked whether they supported work-life balance. A typical response was:

"None actually hinder."

However, most needed time to pause and consider whether the detail of other HR policies addressed how they could be executed from a work-life balance perspective. This is not surprising since policies are still often considered in isolation; either as a response to legislative changes or employee pressures. (An example of integration of work-life balance into mainstream HR might include specifically building in explicit provision in promotion policy. This would safeguard existing flexible working arrangements, or focus appraisals on outputs rather than hours worked.) As Gill observes, despite efforts to change, where policies and practices remain the same they become inconsistent with the aims and strategies for change and an obstacle to it. (Gill, 2003)

The final step on the journey to reach [Stage 3](#) begins with the acknowledgement that the entire, diverse, 21st century workforce is looking to balance work with outside commitments; and taking steps to integrate this recognition into HR practices across the board.

Changing Organisational Culture

The theory

Organisational culture is defined as the set of shared values and norms that characterise what is held to be important in the organisation. Such shared values and norms provide direction and meaning for organisational members; and reduce uncertainty and anxiety by making behaviour predictable and understandable. They also determine how things are done in the organisation – “We do it this way, not that way”. (*Higgins & McAllaster, 2004, p66*)

In order to change culture it is necessary to understand and change five types of ‘cultural artefacts’:

- **key values and norms**
- **myths and sagas**
- **language systems and metaphors**
- **symbols, rituals and ceremonies**
- **the use of physical surroundings including interior design and equipment**

Changing the last four, brings about change in key values and norms.

Changing cultural artefacts is not a luxury, but a necessity, for the successful execution of new strategy, since where strategy and cultural artefacts are not aligned employees remain uncertain which messages are real – the old familiar comfortable ones supported by lots of well known cultural artefacts, or the new ones. (*ibid*)

Language systems and metaphors

Employees’ choice of language and metaphors will reflect organisational values – change the language and you change the culture. For sociologists this makes sense as dialogue defines social meaning. What is more, in the knowledge economy, dialogue can be seen as the basic unit of work. So, a change in individual behaviour may come from slow, almost unidentifiable shifts of viewpoint rather than by virtue of a single argument. (*Karp, 2005*) Thus, organisations need to bear in mind that changing attitudes can be a slow process. This change is discussed further below.

Changing the very meaning of language is difficult. Recent research reveals that despite attempts to promote

flexible working and work-life balance as benefits to the entire workforce, they continue to be seen as issues for women with young children. The attribution of flexible working as an issue especially for women and primarily younger women with children, occurs repeatedly by women and men, young and old, at all levels of the organisation. Even where interview questions about implementing flexible working policies are gender-neutral, responses are constructed to suggest such policies are only relevant for women because it is they who have children. (*Smithson & Stokoe, 2005*)

The same research suggests that for many people the assumptions of the category ‘professional’ include not having a work-life balance, and putting in ‘the extra mile’. Work-life balance is viewed as a freely made choice, but not the sort of choice made by high fliers. (*ibid*)

Thus employees expressing a desire to work flexibly or have more work-life balance are seen as less committed and less professional. In this research, it also emerged that others often heard them to be asking for less than full-time work. Nor is encouraging men to take more interest in work-life balance necessarily the answer. Where fathers make use of flexible working policies, charges of unfairness and worries of a backlash become transferred from women to parents, which is likely to be a deterrent to both men and women from taking up flexible working policies. (*ibid*) Thus, both language and cultural expectations must change – using ‘gender-neutral’ language in HR policies is simply not enough.

Myths and Sagas

Myths and sagas, on the other hand, refer to the stories about key players and events in the organisation’s history. Such stories help shape attitudes and behaviour in both new and established employees. When strategy changes, organisations need to modify old myths and sagas to support the new values and norms that are now being stressed. Or they need to create totally new myths and sagas which emphasise the new order. (*Higgins & McAllaster, 2004*)

Changing the stories by identifying new role models – employees that have succeeded while working non-standard arrangements – is essential. All but one of our interviewees regularly disseminated such new stories as widely as possible through internal media.

As Hewlett observes, eliminating the stigma so often attached to non-standard work arrangements requires a commitment over the long term and can be hard work. (Hewlett & Buck Luce, 2005) However, the motivation for doing so can be maintained by publicising short-term wins. Spreading stories of successful flexible arrangements which are reflected in business gains is a way of doing this.

The essential role of the leader

Both academic literature and this research identify the crucial role leaders play in changing culture. People at or near the top of an organisation need to have that “eureka” moment, when they not only understand the business imperative for imaginative work-life policies but are prepared to embrace them and in so doing remove the stigma. (Hewlett & Buck Luce, 2005)

Leaders must maintain high visibility among employees, frequently reinforcing messages through word and deed, which may include restructuring systems and policies. They must also provide role models and communicate why new behaviour is needed, endorsing and supporting new activities proposed by others, and changing criteria by which people are recruited and promoted. (Phelan, 2005)

The importance of the business case

The fundamental importance of a sound business case is stressed in the literature. Trompenaars and Woolliams, for example, highlight the need for strategic business issues and cultural values to be connected in order to achieve genuine change. (Trompenaars & Woolliams, 2003) The arguments must be crafted in relevant business language so that the message connects with the needs, interests and feelings of those whose commitment is needed, making people feel they have a stake in a common problem. (Gill, 2003)

The nature and timescales of change

For organisational change to be successful there must be a combined focus on the ‘inner’ shift in people’s values aspirations and behaviours and on the ‘outer’ shift in

process, strategy, practices and systems. This is likely to take time, and it is important to recognise that most people in an organisation do not just do something new; they build their ability to do things in a new way. (Karp, 2005)

When applied to change, the standard distribution (‘bell’) curve categorises the employee population into five groups based on typical responses to new ideas. At the forefront of the curve is a small group (under 3%) known as the ‘Innovators’ who quietly and readily embrace the new long before others are convinced of its value.

Following close behind is a larger group of ‘Change Agents’ of about 14%. These are the visible opinion leaders who build organisational support for the change. Behind them are the ‘Pragmatists’, about 34% of the population, for whom the practical bottom-line consequences of operating in the new way must be appealing. ‘Sceptics’ on the other hand, tend to see the risks in any change and are more reluctant to adopt new values before they are convinced the initiative will succeed. This group again makes up around 34% of the employee population.

Dragging their heels come the final 16% who are ‘Traditionalists’. Typically pessimistic and fearful of change, they may even be hostile to it. They may lag behind the rest of the organisation by several years, and in most extreme cases never adapt, choosing to go elsewhere instead. (Loden, 2005)

Reaching the ‘tipping point’

The tipping point theory states that, “in any organisation, once the beliefs and energies of a critical mass of people are engaged, conversion to a new idea will spread like an epidemic, bringing about fundamental change very quickly.” (Chan Kim & Mauborgne, 2003 p62)

To harness the power of the tipping point, a leader must make unforgettable and unarguable calls for change, concentrate resources on what really matters, mobilise the commitment of the organisation’s key players and succeed in silencing the most vocal opponents. Getting key influencers motivated frees the organisation from having to motivate everyone. (ibid)

A better way forward?

It is undeniable that the male model of work remains deeply embedded in most organisational cultures, despite other aspects of culture change to reflect current realities. The model encompasses a range of assumptions and values which can be barriers to a fully supportive workplace culture. Most fundamental are the gendered assumptions about the separation of work and home and the division of labour which result in the greater valuing of male workers or those without active family commitments. (Lewis, 2001)

However, a new breed of managers appear to be emerging, who are trying a new approach – one in which the manager and employee collaborates to achieve work and personal objectives to everyone's benefit. They are guided by three priorities:

- I. to clearly inform their employees about business priorities and encourage them to be just as clear about personal priorities**
- II. to recognise and support employees as whole people, not only acknowledging, but also celebrating their roles outside the office**
- III. to continually experiment with the way work gets done, looking for approaches that enhance the organisation's performance while allowing employees to pursue personal goals**

Such managers are reported as having discovered that conflicts between work and personal priorities can actually be catalysts for identifying inefficiencies in the workplace. They operate under the assumption that work and personal life are not competing priorities but complementary ones. In essence, they have adopted a win-win philosophy. (Freidman et al, 1998)

As Hewlett & Buck conclude, the talent is there, the challenge is to create the circumstances that allow businesses to take advantage of it over the long run. To tap this all important resource companies must understand the complexities of women's non-linear careers and be prepared to support rather than punish those who take alternate routes. (Hewlett & Buck, 2005)

Work-life Balance

The business case

Over the past ten years the business case has continued to evolve. Listed below are some of the most recent findings.

Evidence of changing expectations continues to accumulate

A new report from the think tank Demos (*Working Progress, June 2006*) concludes that UK plc is being held back by a damaging disconnect between graduates and employers. Talented graduates feel out of place in organisations as companies struggle to motivate and support a generation of young people with higher debt, different values and expectations of a better work-life balance.

Research by the Equal Opportunities Commission revealed that the vast majority of fathers are now taking at least two weeks leave around the birth of their child, especially in high income families, but some lower income men still face barriers. (*Dads and their Babies, 2005*)

According to the journal *People Management*, the phenomenal growth of professional services firms in the last 20 years means that one in four workers in the US and Western Europe now works for a professional services firm. As partnership gets tougher, firms have to face up to the changing career expectations of their traditional talent pool. The money and kudos that partnership offers are no longer guaranteed to attract the brightest and best, and today's high-flyers do not all want to stay with one firm or make the sacrifices that working for partnership can entail. (*"A bridge too far?", 11.8.05*)

According to the Sloane Work and Family Research network, 63% of 'Gen-Y' employees (born 1981-2000) disagree that traditional gender roles are better, compared with 49% of 'Matures' (born 1922-45) currently in many of the top positions in organisations).

Issues in talent retention

A study by the Public Relations firm Burston Marsteller and the Economist Intelligence Unit found more employees were putting a high value on work-life balance which was having an impact on career choices. 64% of workers who were not in top positions cited a lack of

work-life balance as their main reason for not wanting to become a chief executive.

(*People Management, 23 Feb 2006*)

A survey conducted in March 2006 by recruitment consultancy Robert Half and Accountancy Age magazine revealed 40% of finance professionals find balancing work and home lives to be the most challenging aspect of gaining promotion. The survey also found that work-life balance issues increase in importance with age. (*press release www.roberthalf.co.uk*)

2002 research by Catalyst into barriers to European women's advancement in organisations revealed the second highest barrier to be a lack of senior or visibly successful female role models – cited by 64% of respondents. (*www.catalyst.org: Women in Leadership: A European Business Imperative*)

According to the Sloane Work and Family Research network Generation X (born 1965-1980 and the next generation of leaders) appears to place a much higher priority on personal and family-related goals than on their career-related goals. They are demanding to work flexibly and are unwilling to sacrifice personal and family-related goals for careers. They do not want to work fewer hours or have less work, but they do want to control where and when they work.

A joint study by the Families and Work Institute, Catalyst and Boston College found dual-centric employees had advanced further in their careers than others. Employees who are dual-centric or family-centric also exhibit significantly better mental health, greater satisfaction with their lives and higher levels of job satisfaction than employees who are work-centric. (*Generation & Gender in the Workplace, 2004.*)

Law Society research in 2004 discovered two-thirds of female solicitors leaving the profession felt difficulties with balancing home and work life as a deterrent to returning. The Crown Prosecution Service, which offers lawyers a range of flexible working measures, is attracting an increasing number of lawyers from private practices as a result. (*'Raise the bar', People Management, 11.8.05*)

The link to productivity

Research carried out by Working Families revealed flexible workers feel more productive than employees with no flexibility. Part-time workers in particular felt themselves to be the most productive of all. The most productive workers in the study identified the ability to work flexibly as the most important factor in achieving high productivity levels. (*Working Families, 'Is less more? Productivity, flexible working and management', 2005*)

According to the Women & Work Commission report "Shaping a Fairer Future", women's skills are under-utilised, either because women are in roles which do not fully use their talents, or because they face barriers in combining work and family life. This represents lost productivity and output for the UK economy. If women move into higher paid occupations or higher grade roles in their current occupations, this will raise the productive potential of the economy. The difference is estimated to be worth between £2 billion and £9 billion. The 2005 Labour Force Survey reports that just over one million women who are currently not working would like to work and that nearly 15% of the 5.1 million women working part-time would like to increase their hours.

A small but growing number of companies are documenting the financial benefits of work-life initiatives. Companies like IBM and Ernst & Young have found a connection between offering employees flexibility, and generating higher revenues and stock prices. PNC Bank discovered that as a direct result of a seven-month flexibility programme it saved \$112,750 in turnover costs. Rob Keeling, Director of Diversity and Work-life programs at the bank Capital One, says his company surveyed employees before and after offering flexible work arrangements and improved working areas. The survey shows productivity and satisfaction rose 23%, while the speed of decision making improved by three hours. (www.miami.com/mld/miamiherald/14704385.htm)

Research by Catalyst revealed the group of companies with the highest representation of women on their top management teams experienced better financial performance than the group of companies with the lowest women's representation, both in terms of Return on Equity and Total Return to Shareholders. (*The Bottom Line: Connecting Corporate Performance and Gender Diversity, 2004*)

...and the impact on clients and reputation

In the last few years, the government has been placing legal duties on public sector bodies to address inequalities arising from race, disability and sex discrimination. As interviewees noted, these duties are being reflected in the types of questions clients are increasingly asking of service providers.

A survey conducted by the European Commission in 2005 found the second most important business benefit of diversity policies – cited by 38% of respondents – to be enhancing a company's reputation and standing in the local community. Over 26% saw improvements in their capacity to create and innovate. (www.hrlook.com/news.asp?id=112805c.asp)

Kieran Poynter, Chairman of PricewaterhouseCoopers (PwC), was reported last year as blaming the bad publicity arising from high profile sex discrimination cases in the City for a significant drop in female graduate applicants in the last two years. PwC is trying to boost the level of female recruitment from 39% to its previous rate of 47%. In the same article, Fiona Sandford, head of careers at the LSE, was reported as saying about 80-90% of female students expressed concern over reports in the media of the culture in financial firms. (*The Times 13.9.05*)

Methodology

Working Families wanted to identify a 'road map' of the journey from **Stage 2** (Flexible Working Practices) to **Stage 3** (Culture Change) of the Families and Work Institute's four stage model of culture change. An outline of this model is on page 6. A more detailed discussion of the model can be found in 'Reframing the Business Case for Work-Life Initiatives'. (*Families and Work Institute 1998*)

To do this, it was necessary to develop a hypothetical model of what **Stage 2** and **Stage 3** organisations might look like. Based on the two existing models of best practice in work-life balance, the Work-Life Balance Standard and the Investors in People Work-Life Balance Model, it was decided to develop a model which would explore five areas. These were: the business case and how it translates into strategy; how progress is monitored; how feedback is used to adjust HR policies; how organisations ensure sustainability of their initiatives; and to what extent the external environment influences their actions.

Working Families asked City specialist Anna Allan to lead this research as she had the relevant professional qualifications and experience to understand the complex work-life balance issues in the City and how best to raise them with interviewees.

It was agreed that a qualitative research method would be more appropriate to use than a quantitative method in order to develop a greater understanding of what is happening in the 24/7, highly competitive context of global City organisations. To do this, it was decided to conduct semi-structured interviews, as these would give greater flexibility in exploring the five areas above and allow interviewees leeway to answer from their understanding of issues and from their own experiences. (Bryman and Bell, 2003, pp.341-50) An interview guide was drawn up focussing on the five areas of exploration. The interview guide was discussed with the research support group, and a pilot guide tested in the field. As a result, a few questions were revised. It was decided not to tape the interviews since it was felt that to do so might make the process more cumbersome and reduce the number of willing interviewees.

To find a sample, Working Families decided to ask those organisations in the City who have a reputation for being a good work-life balance employer. Out of these, ten organisations agreed to take part in the research. These were:

Accenture
Allen & Overy
Credit Suisse
Financial Services Authority
KPMG
Lehman Brothers
Linklaters
Morgan Stanley
PricewaterhouseCoopers
Simmons & Simmons

Conducting qualitative research involving a small number of organisations, chosen in part by Working Families, means that the findings of this research cannot be generalised to the wider business population. Nevertheless, they can be formulated as a hypothesis of the most likely and the most direct route from **Stage 2** to **Stage 3**.

Working Families is grateful to the staff and partners of these organisations and to Credit Suisse and Morgan Stanley who co-sponsored the research. It is also grateful to the research support group, which included our sponsors and Dr. Sally Winter, for providing support and guidance through the period of this research.

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